

Industrial Market Segmentation Bases

A conceptual analysis

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Abstract

This paper conceptually analyzed the industrial market segmentation bases. It examined some published conceptual and empirical articles which have, of course, added to the current knowledge in market segmentation as a whole and industrial market segmentation bases in particular. In industrial markets, segmentation has not been well developed, and the use has not been as widespread as in consumer markets. However, recent years have witnessed an upsurge of interest in industrial market segmentation among academics and practitioners in America and Europe, but not in Africa. This leaves a critical gap in the area of industrial market segmentation literature. This review of literature reveals that most articles were concerned with identification and choice of segmentation bases which they consider to be the most critical steps in the segmentation process. This is not surprising as the choice of segmentation bases determines, to a large extent, the suitability of the resulting segments. The analysis of segmentation in industrial markets had been based dominantly on observable characteristics of the firms such as their size, location, and industry type. However, most available articles based on developed markets of America and Europe have proposed the use of unobservable segmentation bases which were assumed to be more subtle and more useful in providing more effective and suitable segments in developed markets. Following the footsteps of Haley(1968), a number of current research advocated for the use of benefit segmentation bases for segmenting industrial markets.